1990

ANNUAL REPORT

PRINCE EDWARD ISLAND

MARKETING COUNCIL

91-05334/

April 2, 1991

Hon. Keith Milligan
Minister of Agriculture
11 Kent Street
Charlottetown, P.E.I.
C1A 7N8

Dear Mr. Milligan:

I have the honor to submit herewith the operations report of the P.E.I. Marketing Council for the 1990 calendar year.

Council's financial report for the 1989-90 fiscal year is amalgamated with the financial report of the Department of Agriculture as Council's annual allocation is provided through the Department.

Respectfully submitted,

J.E. Gaudin
Chairman

P.E.I. Marketing Council

CHAIRMAN:	Joseph Gaudin
MEMBERS:	Chessel Irving
	Danny MacKinnon
	John MacKinnon
	Stephen Rogers
	Eldred Simmons
	Brian Thompson
	Wally Wood
GENERAL MANAGER:	Brian Thompson/Acting
SECRETARY:	Ivan MacArthur

In 1990, much of the agriculture community's focus was on the Uruguay Round of negotiations on the General Agreement on Tariffs and Trade (G.A.T.T.). The agriculture component of the negotiations took on special significance due to recent "subsidy wars" in a number of commodity sectors between the European Economic Community and the United States. Canadian grain producers have been hurt by these subsidy wars and it was a priority of the Canadian Government to work towards an agreement which would result in a reduction in agriculture subsides. In addition, the Canadian Government undertook to maintain and strengthen those provisions of the G.A.T.T. pertaining to supply management. In December 1990, the G.A.T.T. negotiations broke down primarily over the agriculture subsidy issue. It is thought the parties will reconvene in 1991 in an effort to arrive at an agreement.

At the national level, a number of task forces were underway. Two task forces of note to Marketing Council were the National Dairy Task Force and the National Poultry Task Force. These two bodies were charged with the responsibility of reviewing Canada's national supply management systems and making recommendations for reform. The task forces are expected to report to the Federal Minister of Agriculture in 1991. Council has been active in providing input into and monitoring the task forces.

On the provincial scene, 1990 saw the establishment of two new commodity boards. The Greenhouse Products Marketing Board was established in April, 1990 and the Potato Board came into effect in July, 1990. The Legislative Assembly in 1990 established a Legislative Committee on the Natural Products Marketing Act. The Committee held hearings in the Fall of 1990 to which Marketing Council made a submission. The Committee is expected to submit its report to the Speaker of the Legislative Assembly early in 1991.

The following provides a brief overview of 1990 highlights with respect to commodities organized under the Natural Products Marketing Act:

Cattle

The Cattlemen's Association continued to be active as a commodity group under the Act. In late 1990, the Association obtained status as a corporation under Part II of the Companies Act R.S.P.E.I.

Chicken

1990 remained a successful year for the Island chicken industry. Three new broiler producers joined the industry. This brings the number of broiler producers to seven who are expected to produce approximately 2.2 million kilograms of eviscerated chicken per annum. The Island's provincial quota is almost totally utilized, however, there remains interest on the part of those wishing to enter the industry should an opportunity arise.

A Council staff member serves as Prince Edward Island's representative on the Canadian Chicken Marketing Agency's Supply Management Committee. Through this representation Council is able to keep informed on and have input into the administration of the Canadian chicken industry.

Eggs

The financial situation of the Canadian Egg Marketing Agency improved considerably in 1990. A combination of levy increases and restraint measures helped in part to improve the Agency's financial situation.

In the latter part of 1990, the Agency was faced with a new challenge. Ontario and Quebec notified the Agency and all Signatories to the Federal-Provincial Agreement on Eggs that it intended to withdraw from the Agency's surplus removal program in 1992. A Signatories meeting was held to discuss Ontario's and Quebec's intention as well as other National egg marketing concerns. It is likely that the intention of Ontario and Quebec to withdraw from the surplus removal program will be subject to further discussions in 1991. The outcome of such discussions may have a significant impact on egg production and marketing in Canada. Marketing Council has been working closely with the P.E.I. Egg Commodity Marketing Board and other Signatories on national egg marketing issues.

Greenhouse Products

A plebiscite held in February, 1990 indicated that approximately 70 percent of producer favored the establishment of a Greenhouse Products Marketing Board for the purposes of regulating bedding plants produced in the Province. The Board's plan was gazetted April 14, 1990 and the Board was operational for the 1990 marketing season.

Hogs

In 1990, the Island hog industry was making plans to make the transition from the Provincial Hog Stabilization plan to the National Tripartite Stabilization plan. The National plan is scheduled to come into full effect in early 1991.

The Island hog industry also financially assisted the Canadian Pork Council in opposing countervail duties imposed by the American Government on pork products exported into the U.S.. The countervail duties have not been removed to date, however, a

Trade Dispute Settlement Panel established under the Canada-United States Trade Agreement remanded the finding of injury back to the International Trade Commission (I.T.C.). The I.T.C. is expected to respond early in 1991.

Milk

1990 was a year of transition in the Island dairy industry. The P.E.I. Milk Marketing Board decided to institute a new milk marketing system which would allow processors to compete for milk supply. The Board's mandatory fluid pool was scheduled to become a voluntary pool on January 1, 1991. Throughout 1990, the Board held several meetings with produce and other industry stakeholders as part of the transition process.

Toward the latter part of 1990, it became evident that one of the two industrial milk processors on the Island, Perfection Foods Ltd., was experiencing financial difficulty. Council continues to monitor the situation.

Council, as the body responsible for the fixing of fluid milk prices in the Province, increased the per litre producer and wholesale price by 4 cents effective January 1, 1991. Of this increase, the producer received 3.0 cents and the processor 1 cent. Council based its pricing decision on cost of production and processing studies which were conducted in 1990.

Pedigreed Seed

In 1990, the Pedigreed Seed Commodity Marketing Board did not exercise any of its powers. The Board continues to hold meetings on a periodic basis.

Plant Tissue Culture Commission

This Commission remains relatively inactive; but, as the marketing of strawberry plants has increased through tissue culturing, the Commission views its regulatory authority important in ensuring importing countries of the rigidity of our quality-control programs.

Potatoes

1990 was an eventful year in the potato industry. The year began on an optimistic note with McCain Foods Ltd. announcing plans to build a processing facility in the Province and the decision by Cavendish Farms to expand its processing activity. As 1990 drew to a close, a note of caution was introduced as a potato virus known as PVYn was confirmed as being located in the Province. Its discovery may have an impact on the Island's seed trade as North America was previously thought to be free of the PVYn virus.

On July 1, 1990 the government appointed Potato Marketing Commission was replaced by the producer-elected Potato Board. The establishment of the Board was facilitated by a decision of the Appeal Division of the Supreme Court of Prince Edward Island which overturned a previous decision of Justice C.R. McQuaid. The McQuaid decision held that a 1988 plebiscite on the establishment of a potato board was invalid.

Tobacco

The 1990 tobacco crop experienced storm damage with approximately one-third of the crop lost. As a result, marketings were much less than projected.

The tobacco industry continues to face reduced production requirements due to declining tobacco consumption. In an effort to ease the impact on producers, the Federal and Provincial Government offers the Tobacco Transition Adjustment Initiative (T.T.A.I.) which retires tobacco production. In 1990, 4 producers accounting for 279.3 acres of potential production were retired under the program.

Vegetable Commodity Marketing Board

Although still in existence, this board is inactive.

General

In 1990, the Council hosted the first annual meeting of Atlantic supervisory marketing agencies in Charlottetown. The purpose of the meeting was to bring representatives of the supervisory boards in each of the four Atlantic provinces together for the purposes of information exchange and addressing common concerns. New Brunswick is to host the next meeting scheduled for 1991.

Council's General Manager, Mr. Paul Jelley, accepted a position as General Manager of the Canadian Broiler Hatching Egg Marketing Agency in the spring of 1990. Mr. Jelley's contribution to the operations of the Council will be greatly missed. Mr. Brian Thompson has assumed Mr. Jelley's responsibilities on an acting basis.

During 1990, Council and its staff performed its routine duties such as liaising with national marketing agencies, conducting mail elections for commodity boards, and providing general supervision over boards, commissions and commodity groups.

NATURAL PRODUCTS APPEALS TRIBUNAL
ANNUAL REPORT

During 1990, the Appeals Tribunal received three notices of appeal. All of the appeals were in the dairy commodity and all were heard and decisions rendered. The Appeals Tribunal is comprised of:

Wayne Beaton, Chairman
Isobel Campbell, Member
Danny Walker, Member